From:	Johnson, Lisa
To:	Campbell, Russ; Callaghan, Thomas
Cc:	Stoddart, Helen
Subject:	CED redundancy fund costings
Date:	Wednesday, 25 March 2026 3:26:00 PM

Hi Russ and Thomas

As discussed yesterday, please find below information in relation to a possible VR business case that we have started initial thinking on. Please note that the figures are indicative, and also dependent on the 26-27 budget process. I also note there is the related work around prioritisation.

1. CED is facing a significant material reduction in funding that cannot be managed through natural attrition. Workforce costs represent the largest lever available to reduce expenditure (and account for about half of CED's costs). Other significant spend is attached to large contracts and deliverables, e.g. the household waste contract and light rail. Even if contracts/services were to be ceased/reduced this would have a flow on FTE impact that would still need to be managed.
2. Current budget for the 2025-2026 financial year is $841,647,000. The expected budget for 2026-2027 is $778,821,000, a difference of $62,826,000. This does not account for budget decisions being made through the 26-27 budget process (is based on the forward budget outlook in the budget papers) or other increased costs (e.g. increased staffing costs or EBA costs/rising fuel costs).
3. Considering **annual staffing salaries are ≈ $452,261,335*** (based on Salaries, Overtime, Higher Duties, Allowances and Penalties – excluding super, compensation, parental leave and other oncosts), our **average staffing salary is ≈ $107,783**.
4. To meet the difference, that would require **a reduction of ≈ 583 staff members** (a 14% reduction in the total workforce size). *Full employee costs are estimated at ≈ $129,162 per employee each year.
5. CEDs natural attrition of permanent staff per year is currently 159 and annualised is expected to be around 272 people (approximately 7%) – however, this rate has dropped significantly recently in relation to the changing labour market in the ACT. CED could not rely on natural attrition alone.
6. For any VR to take effect 1 July 2026, the process would need to be commenced in CED by end March 2026 to account for the minimum required process. This is not accounting for some of the work done by OIRWS that may require redeployment and mobility to be considered first.
7. CED has considered that, to come in on budget by 1 July 2026, FTE would need to be reduced or additional revenue provided. A voluntary open VR round could be run where anyone who puts their hand up for a VR is offered one. This could be a fair process open to everyone, and limit industrial and fairness issues (e.g. some people being given a VR and others not). This could achieve a 10-14% FTE reduction depending on interest; however, service delivery impacts would need to be managed and would not be well understood until a round was opened. Prioritisation decisions would assist with this, noting that CED is not in a position to absorb more initiatives and would need to cease some existing activities.
8. If mobility and redeployment had to be considered for every person who put their hand up, it is

considered that this would not only add time to the process, but would limit the number of people who would put their hand up (as they may be moved from their role instead of being given a VR, and may not wish to have this as an option – their preference may be to either stay in their role or take a VR and therefore may not put their hand up if they may be redeployed elsewhere as part of the process).

9. Below is a hypothetical example demonstrating the potential savings of a VR round:

i. Indicative VR payout based on the following assumptions:

1. For a mid-band officer at ~$105k with ~5 years' service and ~4 weeks accrued annual leave, an **"average" ACTPS VR payout typically lands in the $55k–$60k gross range**, before tax.
2. For a Senior Officer Grade A at ~$163k with ~8 years' service and ~4 weeks accrued annual leave, and ~100 days long service leave, an **"average" ACTPS VR payout typically lands in the $150k gross range**, before tax.
3. For modelling purposes, an average voluntary redundancy cost of approximately $100,000 can be assumed. (This represents a midpoint between lower-cost exits (e.g. mid-band employees with limited leave accrual) and higher-cost exits (e.g. senior employees with accrued leave entitlements).
4. Based on an average voluntary redundancy cost of approximately $100,000 per employee, a workforce reduction of 596 staff would result in an indicative gross cost of **approximately $59.6 million**. Actual costs will vary by classification, length of service and leave accruals, with senior and long-tenured roles materially exceeding the average.

We would appreciate continuing to be kept in the loop and consulted on this piece of work – very happy to work with you and your team to provide further evidence and information.

Thanks

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